

Economic Vitality Incentive Program Consolidation Plan (Previous Filer) as of: January 2014

Local Unit Name: City of Detroit
County: Wayne

Plan Available to the Public (check all that apply): ☒ In Municipal Offices ☒ Internet Website ☐ Other _____

| Update Status of Previous Year's Service Consolidation Proposal(s) | | | City of Detroit | Wayne | |
|---|--|---|--|---|---|
| Previous Year's Service Consolidation Proposals | Timeline to Accomplish Proposal | Jurisdictions Involved | Realized Savings/(Loss) | Implementation Status of Proposal | Barriers Experienced in Implementing Proposal |
| 1. Detroit Recreation Trust - Donations provided by nonprofits to provide programming managed by City | <ul style="list-style-type: none"> Project cancelled | <ul style="list-style-type: none"> City of Detroit (Recreation) Nonprofit/Private sector | <ul style="list-style-type: none"> N/A | <ul style="list-style-type: none"> N/A Project may be resurrected if funding becomes available | <ul style="list-style-type: none"> Lack of funding to initiate effort, as plan was dependent upon fundraising to bridge operating costs De-prioritization relative to other initiatives |
| 2. Outsourcing of real estate and development function | <ul style="list-style-type: none"> <u>Q1 2014</u>: Negotiations and transition planning <u>July 2014</u>: New operations begin | <ul style="list-style-type: none"> City of Detroit Detroit Land Bank Authority Detroit Economic Growth Corp. | <ul style="list-style-type: none"> Estimated \$0.2-0.4M/ year reduction in General Fund subsidy | <ul style="list-style-type: none"> Feasibility analysis complete Beginning negotiations Continuing transition planning | <ul style="list-style-type: none"> De-prioritization relative to other initiatives Potential labor resistance |

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| 3. Data sharing partnership in Income Tax Division of Finance | <ul style="list-style-type: none"> • <u>June 2013</u>: 108,000 letters sent to 2006-'10 non-filers using databases of State and IRS • <u>Nov 2013</u>: 74,000 letters sent to 2011 non-filers using IRS database • <u>Q1 – Q3 2014</u>: Letters will be sent to 2012 non-filers and audits will be performed using IRS database | <ul style="list-style-type: none"> • City of Detroit (Income Tax) • State of Michigan • Internal Revenue Service | <ul style="list-style-type: none"> • <u>2012</u>: \$3.0M in delinquent debt collected • <u>2013+</u>: Estimated \$1.25M/ year in collections | Annual and on-going | <ul style="list-style-type: none"> • Staff reductions • Office space limitations • Inadequate equipment |
| 4. Formation of Institute for Population Health to operate health programs of the Local Public Health Organization | <ul style="list-style-type: none"> • <u>May 2012</u>: Start Date • <u>June 2013</u>: End Date | <ul style="list-style-type: none"> • City of Detroit (Health) • State of Michigan • Institute of Population Health | <ul style="list-style-type: none"> • Estimated \$6M / year appropriated for operations | <ul style="list-style-type: none"> • Complete • Decommission of Herman Kiefer Complex underway | <ul style="list-style-type: none"> • Reporting and oversight requirements require the City to maintain administrative infrastructure • Continued grant funding |
| 5. Creation of independent board to separate federal job training programs from city responsibility and close the Workforce Development department | <ul style="list-style-type: none"> • <u>July 2012</u>: Start Date • <u>June 2013</u>: End Date | <ul style="list-style-type: none"> • City of Detroit (Workforce Development) • Detroit Employment Solutions Corp. • State of Michigan Department of Economic Development | <ul style="list-style-type: none"> • Indirect costs of supporting agency (not quantified) | <ul style="list-style-type: none"> • Complete | <ul style="list-style-type: none"> • N/A |

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| 6. Transfer of Department of Human Services Community Action Agency (CAA) designation to Wayne County | <ul style="list-style-type: none"> • <u>July 2012</u>: Start Date • <u>March 2013</u>: End Date | <ul style="list-style-type: none"> • City of Detroit (Human Services) • Wayne County Metropolitan Community Action Agency, • Community Development Institute | <ul style="list-style-type: none"> • Indirect costs only | <ul style="list-style-type: none"> • Complete | N/A |
| 7. Detroit Reform Executive Program - Private sector loan of expertise or donation of funding for cadre of middle managers to assist with restructuring initiatives | <ul style="list-style-type: none"> • Project cancelled | <ul style="list-style-type: none"> • City of Detroit • Private / Nonprofit sectors | <ul style="list-style-type: none"> • N/A | <ul style="list-style-type: none"> • N/A | <ul style="list-style-type: none"> • De-prioritization relative to other initiatives • Limited availability of reform executives to participate in program |
| 8. Transfer of Vital Records operation to Wayne County | <ul style="list-style-type: none"> • <u>Spring 2013</u>: Assessment of operations completed • <u>Summer 2013</u>: Negotiations with County for MOU • <u>Fall 2013</u>: Transition planning • <u>January 2014</u>: Operations run by County • <u>Q2 2014</u>: Fully operational in County office | <ul style="list-style-type: none"> • City of Detroit (Health) • Wayne County | <ul style="list-style-type: none"> • Estimated \$0.5M of annual labor savings and related efficiencies | <ul style="list-style-type: none"> • Transition completed 1/27/14 • Physical transfer and consolidation to Wayne County will occur once infrastructure build-out is complete | <ul style="list-style-type: none"> • N/A |

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| 9. Public Lighting Department transfer of responsibilities (#6 on Prior Year's "Update Status of Previous Year's Service Consolidation Proposal") | <ul style="list-style-type: none"> • <u>Fall 2012</u>: Start Date • <u>December 2013</u>: Authority adopts plan, study of engineering done • <u>March 2013</u>: Authority became functioning body • <u>Note</u>: See #3 in "Proposed Service Consolidation" section for additional detail | <ul style="list-style-type: none"> • City of Detroit (Public Lighting) • Public Lighting Authority | <ul style="list-style-type: none"> • Lower interest costs • Long term infrastructural savings | <ul style="list-style-type: none"> • Complete | <ul style="list-style-type: none"> • N/A |
| 10. DDOT outsourcing of maintenance management (#7 on Prior Year's "Update Status of Previous Year's Service Consolidation Proposal") | <ul style="list-style-type: none"> • <u>Spring 2013</u>: RFPs in development to test different business cases • <u>Summer 2013</u>: collection of business information • <u>Fall 2013</u>: selection of vendor(s) and negotiation • <u>Note</u>: See #10 in "Proposed Service Consolidation" section for additional detail | <ul style="list-style-type: none"> • City of Detroit (General Services, Fire) • Private sector | <ul style="list-style-type: none"> • TBD (Dollar amount) • Labor savings and efficiency • Improved fleet availability and reliability • Consolidation of City maintenance facilities | <ul style="list-style-type: none"> • In process | <ul style="list-style-type: none"> • Labor requirements under the Federal Transit Admin funding • Regional sensitivity |
| 11. Detroit City Airport merger with Wayne County Aerotropolis program (#8 on Prior Year's "Update Status of Previous Year's Service Consolidation Proposal") | <ul style="list-style-type: none"> • Project cancelled | <ul style="list-style-type: none"> • City of Detroit • Wayne County | <ul style="list-style-type: none"> • N/A | <ul style="list-style-type: none"> • N/A | <ul style="list-style-type: none"> • De-prioritization relative to other initiatives |
| 12. Detroit Fire Department Authority (#9 on Prior Year's "Update Status of Previous Year's Service Consolidation Proposal") | <ul style="list-style-type: none"> • Project cancelled | <ul style="list-style-type: none"> • City of Detroit • Harper Woods • Other local municipalities | <ul style="list-style-type: none"> • N/A | <ul style="list-style-type: none"> • N/A | <ul style="list-style-type: none"> • De-prioritization relative to other initiatives • Lack of partners |

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| Proposed Service Consolidation(s) City of Detroit Wayne | | | | | |
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| Service Consolidation | Implementation Timeline | Jurisdictions Involved | Estimated Savings/(Loss) | Description of Estimated Savings/(Loss) | Other Consolidation Benefits |
| 1. CityTax Software Implementation | <ul style="list-style-type: none"> November 2012: Initial planning February 2014: Go-live scheduled | <ul style="list-style-type: none"> City of Detroit (Finance-Income Tax) | <ul style="list-style-type: none"> TBD: Additional income tax revenue | <ul style="list-style-type: none"> Allocate labor resources currently performing manual processes to compliance/audit function | <ul style="list-style-type: none"> Less overtime from reduced manual processes 22 of 24 Michigan cities which levy an income tax use CityTax Improved taxpayer satisfaction from e-filing |
| 2. Michigan Municipal Services Authority - Enterprise Resource Planning Software Selection | <ul style="list-style-type: none"> Q1 2014: Vendor selection process in-progress Summer 2014: Begin planning and implementation TBD: Go-live | <ul style="list-style-type: none"> City of Detroit City of Grand Rapids Kent County City of Warren City of Lansing City of Romulus State of Michigan | <ul style="list-style-type: none"> TBD: Labor savings/productivity enhancements from optimized ERP system One-time cost savings of \$10-\$25M | <ul style="list-style-type: none"> The selected ERP solution is likely \$10 - \$25M less expensive compared to other solutions explored by City | <ul style="list-style-type: none"> Other Michigan municipalities will likely join MMSA, further reducing ongoing costs for the City |

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| 3. Establishment of the Public Lighting Authority | <ul style="list-style-type: none"> • <u>March 2013</u>: Authority became functioning body • <u>November 2013</u>: Street Lighting Plan developed and presented • <u>December 2013</u>: Initial tranche of bond proceeds received | <ul style="list-style-type: none"> • City of Detroit (Public Lighting) • Public Lighting Authority | <ul style="list-style-type: none"> • Lower interest costs | <ul style="list-style-type: none"> • Authority was able to obtain financing at a cost of capital lower than City (savings TBD) | <ul style="list-style-type: none"> • Additional qualified individuals evaluating this initiative for further benefit |
| 4. Corrective Action Plan for Assessor's Office – Use of Pictometry | <ul style="list-style-type: none"> • <u>Q1 2013</u>: Planning phase begins • <u>Q2 2014</u>: The City will obtain aerial and street level imagery to aid the updating of parcel information | <ul style="list-style-type: none"> • City of Detroit (Finance-Assessments) | <ul style="list-style-type: none"> • TBD: Potential loss in tax collections | <ul style="list-style-type: none"> • TBD: Potential reduction in taxable value vs. potential increase in property tax collection rate | <ul style="list-style-type: none"> • Potential increase in homeownership rate and residential tax base |
| 5. Lease of Belle Isle to State of Michigan | <ul style="list-style-type: none"> • <u>Q3 2012</u>: Planning phase begins • <u>February 2014</u>: Lease begins | <ul style="list-style-type: none"> • City of Detroit • State of Michigan | <ul style="list-style-type: none"> • Total operational savings of ~\$4.4M annually | <ul style="list-style-type: none"> • Labor dedicated to Belle Isle available to maintain other City parks - \$2.8M annually • Utilities paid by State - \$1.6M annually | <ul style="list-style-type: none"> • Improved maintenance resources available for other City parks • Expansion of Belle Isle maintenance • Accelerated and expanded capital improvements |

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| 6. Consolidate City management of inspection and code enforcement activities into Building Safety, Engineering & Environmental Department | <ul style="list-style-type: none"> • <u>Spring 2014:</u> <ul style="list-style-type: none"> ○ Assessment of inspections City-wide completed ○ Feasibility evaluated • <u>Summer 2014:</u> Transition planning • <u>December 2014:</u> Centralized inspection/enforcement activities <u>begin</u> | <ul style="list-style-type: none"> • Several City agencies, potentially including: <ul style="list-style-type: none"> ○ Fire ○ Health and Wellness Promotion ○ Planning and Development ○ Police ○ Public Works | <ul style="list-style-type: none"> • TBD: Predominately labor costs | <ul style="list-style-type: none"> • Immediate process benefit should be realized • Drive efficiency within inspection and code enforcement City-wide • Promote economic development | <ul style="list-style-type: none"> • Customer access, efficiency, and service delivery improved |
| 7. Transition Fire Department from single-functional to multi-functional personnel | <ul style="list-style-type: none"> • <u>Q1 2014:</u> Evaluation and planning process • <u>Q2 2014:</u> Implementation begins • <u>TBD:</u> Targeted completion | <ul style="list-style-type: none"> • City of Detroit (Fire) | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • Improved utilization of personnel | <ul style="list-style-type: none"> • Improved response times • Increased fire prevention activities, hydrant inspections, etc. |
| 8. Centralize Fire Department support services | <ul style="list-style-type: none"> • <u>Q3 2013:</u> Planning phase begins • <u>Q1 2014:</u> Centralized management team placed; Processes evaluated and charted • <u>TBD:</u> Targeted completion | <ul style="list-style-type: none"> • City of Detroit (Fire) | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • Immediate process benefit should be realized • Improved management reporting and tools | <ul style="list-style-type: none"> • Streamlined processes (procurement, billing and collection, internal and external reporting, management tools) |

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| 9. Privatization of solid waste collection | <ul style="list-style-type: none"> • <u>July 2013</u>: RFP issued • <u>Fall 2013</u>: RFP responses analyzed and compared to internal costs • <u>Q1 2014</u>: Contracts with service providers finalized; Transition planning • <u>Q2-Q3 2014</u>: Transition complete | <ul style="list-style-type: none"> • City of Detroit (DPW) • Private sector | <ul style="list-style-type: none"> • \$6.0M operating costs annually (on equivalent service basis) • \$2.0M (or more) of future capital expenditure avoidance | <ul style="list-style-type: none"> • Internal operating costs (labor and General Services service provision) • Avoidance of future capital expenditures | <ul style="list-style-type: none"> • Expanded service delivery and collection • Citywide recycling program • Contracted collection hours of operation • Private sector providers to locate servicing facilities within the City (jobs) |
| 10. Fleet maintenance outsourcing | <ul style="list-style-type: none"> • <u>Q1 2014</u>: Options analyzed and compared to internal costs; Evaluating individual fleet type partitions • <u>Q3 2014</u>: Targeted completion | <ul style="list-style-type: none"> • City of Detroit (General Services, Fire) • Private sector | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • Labor savings and efficiency • Improved fleet availability and reliability • Consolidation of City maintenance facilities | <ul style="list-style-type: none"> • Enhanced processes and management tools enhance preventative maintenance program |
| 11. Facility maintenance management | <ul style="list-style-type: none"> • <u>Q3 2013</u>: Initial RFP analysis complete • <u>Q1 2014</u>: Options analyzed and compared to internal costs • <u>TBD</u>: Targeted completion | <ul style="list-style-type: none"> • City of Detroit (General Services) • Private sector | <ul style="list-style-type: none"> • None | <ul style="list-style-type: none"> • Under RFP scope • Facility maintenance to remain with City employees | <ul style="list-style-type: none"> • Enhanced processes and management tools enhance preventative maintenance program |
| 12. Facilities custodial services outsourcing | <ul style="list-style-type: none"> • <u>Q1 2014</u>: Options analyzed; Contract awarded, currently in negotiations • <u>Q2 2014</u>: Targeted completion | <ul style="list-style-type: none"> • City of Detroit (General Services) • Private sector | <ul style="list-style-type: none"> • \$0.6M annually | <ul style="list-style-type: none"> • Labor savings | <ul style="list-style-type: none"> • Improved service |

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| 13. Outsource various City maintenance services (Forestry, Freeway Berm, park maintenance) | <ul style="list-style-type: none"> • <u>Q1 2014</u>: RFP's to be issued • <u>Q3 2014</u>: Targeted completion | <ul style="list-style-type: none"> • City of Detroit • Private sector | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • Labor savings | <ul style="list-style-type: none"> • Improved service |
| 14. Inventory management outsourcing | <ul style="list-style-type: none"> • <u>Q1 2014</u>: RFP's to be issued • <u>Q4 2014</u>: Targeted completion | <ul style="list-style-type: none"> • City of Detroit • Private sector | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • Labor savings • Material purchase price savings | <ul style="list-style-type: none"> • Improved service |
| 15. Privatizing cash room operations in DDOT and Municipal Parking | <ul style="list-style-type: none"> • <u>Q4 2013</u>: Planning begins • <u>Q2 2014</u>: Targeted completion | <ul style="list-style-type: none"> • City of Detroit (Transportation, Parking) • Private sector | <ul style="list-style-type: none"> • \$0.4M+ annually | <ul style="list-style-type: none"> • Labor savings | <ul style="list-style-type: none"> • Improved service • Improved collection and reconciliation processes |
| 16. Create Consolidated Grants Administration Division | <ul style="list-style-type: none"> • <u>Q2 2013</u>: Planning begins • <u>Q3 2014</u>: Targeted completion | <ul style="list-style-type: none"> • Several City agencies, including: <ul style="list-style-type: none"> ○ DDOT ○ Finance ○ Fire ○ General Services ○ Health ○ Human Resources ○ Information Technology ○ Planning & Development ○ Police | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • Improved process improvement and efficiency | <ul style="list-style-type: none"> • Increased management capability • New grant revenue identification • Increased compliance |
| 17. Transfer of City Planning Commission and Historic Designation Advisory Board from City Council to PDD | <ul style="list-style-type: none"> • <u>Q3 2013</u>: Planning phase • <u>Q1 2014</u>: Targeted completion | <ul style="list-style-type: none"> • City of Detroit (Planning & Development, City Council) | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • Improved planning function and grant management / allocation |

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| 18. Outsource Housing Services Division of Planning & Development Department | <ul style="list-style-type: none"> • <u>Q1 2014</u>: RFQ to be issued • <u>Q3 2014</u>: Targeted completion | <ul style="list-style-type: none"> • City of Detroit (Planning & Development) • Private sector | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • Immediate process improvement should be realized | <ul style="list-style-type: none"> • Improved grant management |
| 19. Outsource Neighborhood Support Services Division of Planning & Development Department | <ul style="list-style-type: none"> • <u>Q1 2014</u>: RFQ to be issued • <u>Q3 2014</u>: Targeted completion | <ul style="list-style-type: none"> • City of Detroit (Planning & Development) • Private sector | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • Immediate process improvement should be realized | <ul style="list-style-type: none"> • Grant management improved |
| 20. Transition Detroit Water and Sewerage Department operations into a regional authority | <ul style="list-style-type: none"> • <u>Q3 2013</u>: Long-term projections compiled • <u>Q4 2013 & Q1 2014</u>: Negotiations with Counties • <u>Q2 2014</u>: Targeted completion | <ul style="list-style-type: none"> • City of Detroit (DWSD) • Wayne County • Oakland County • Macomb County | <ul style="list-style-type: none"> • TBD | <ul style="list-style-type: none"> • Reduced cost of capital | <ul style="list-style-type: none"> • Enhanced debt rating and capacity • Additional oversight and representation by all major stakeholders |
| Additional Information: Some items are listed in Financial Stability Agreement executed between the City and State in April 2012 and some additional items have been identified and included above. The City has more reforms in development. Those in the design phase are not included above. | | | | | |